COMMONWEALTH OF VIRGINIA
§ 111(d) PLAN
FOR CLEAN AIR MERCURY RULE

BUDGET DEMONSTRATION AND EMISSIONS INVENTORY

The method used to set the initial allocation of Hg allowances to the coal fired electric steam generating units from the Hg Trading Budget for the affected units is as follows.

The initial Hg allowances are being allocated to the coal fired electric steam generating units (EGU) within the context of the following parameters:

- In accordance with 9 VAC 5-140-5400, the Hg Trading Budget is 1,184 pounds per control period, or 18,944 ounces per control period (oz/cp) for the control periods 2010 through 2017.

- By definition, the new unit set-aside percentage is four percent for each control period in 2010 through 2014.

- By definition, the new unit set-aside budget is the Hg Trading Budget multiplied by the new unit set-aside percentage or 758 oz/cp, to be distributed to the new units.

- By definition, the new energy efficiency/renewable energy unit set-aside budget is the Hg Trading Budget multiplied by one percent or 189 oz/cp, to be distributed to the new energy efficiency/renewable energy units.

- By definition, the Hg core budget is the amount of ounces (pounds multiplied by 16 ounces/pound) of Hg emissions in the Hg Trading Budget for the control period minus the new unit set-aside budget and the new energy efficiency/renewable energy unit set-aside budget or 17,997 oz/cp.

- As prescribed in 9 VAC 5-140-5410 A, these initial allocations cover the control periods 2010 through 2014.

- As provided in 9 VAC 5-140-5420 A 1 a, a five year period from 2000 to 2004 has been used to set the unit utilization baselines.

The Hg allowance allocations, in an amount equal to the Hg core budget, are distributed to the Hg budget units using the following methodology, as provided in 9 VAC 5-140-5420 A 1 a, A 2 a, and B.

For units commencing operation before January 1, 2001, the baseline heat input is the average of the three highest amounts of the unit's control period heat input for 2000 through 2004.

A unit's control period heat input for a calendar year and a unit's total ounces of Hg emissions during a calendar year, are determined in accordance with 40 CFR Part 75, to

the extent the unit was otherwise subject to the requirements of 40 CFR Part 75 for the year, or are based on the best available data reported to the permitting authority for the unit, to the extent the unit was not otherwise subject to the requirements of 40 CFR Part 75 for the year. The unit's types and amounts of fuel combusted are based on the best available data reported to the permitting authority for the unit.

The Hg allowances allocated to each unit are determined by multiplying the Hg core budget by the ratio of the baseline heat input of the unit to the total amount of baseline heat input of all units and rounding to the nearest whole allowance as appropriate.

For units commencing operation before January 1, 2001, Table 1 identifies the unit-specific and overall initial allowance allocations required to be submitted to EPA under 9 VAC 5-140-5410 A. As provided in 9 VAC 5-140-5410 A, the allowances allocations are for each control period in 2010 through 2014.

Table 2 provides the emissions inventory data for the affected units for the years 2000 through 2004. This data is derived from the EPA Toxics Release Inventory (TRI) program.

SIP\111-D\MERCURY\PROPOSAL\PRT1C-PRO.doc